

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	Case No. U-17890- R
CORPORATION for reconciliation of gas cost)	
recovery costs and revenues for the 12-month period)	
ended October 31, 2016.)	
_____)	

At the May 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On January 19, 2017, Upper Michigan Energy Resources Corporation (UMERC) filed an application, with supporting testimony and exhibits, requesting to reconcile the gas cost recovery (GCR) revenues and expenses for its Wisconsin Public Service Corporation (WPS Corp) rate zone incurred during the 12-month period ended October 31, 2016.¹

A prehearing conference was held on April 4, 2017, before Administrative Law Judge Sharon L. Feldman. UMEREC and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

¹ In its December 9, 2016 order in Case No. U-18061, the Commission authorized UMEREC, effective January 1, 2017, to, among other things, provide natural gas service to the former Michigan natural gas customers of WPS Corp as WPS Corp's electric and natural gas distribution assets had been transferred to UMEREC.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree that the expenditures for the WPS Corp rate zone cost of gas supply during the 12-month period ended October 31, 2016, were reasonably and prudently incurred. The parties also agree that UMERC experienced a net overrecovery of \$39,527.71 during the GCR plan period. This amount includes the net underrecovery of \$34,046.00 from the previous GCR reconciliation in Case No. U-17650-R, and interest calculated for the reconciliation period, ended October 31, 2016. The parties further agree that UMERC shall reflect the net overrecovery of \$39,527.71 as its beginning balance for its WPS Corp rate zone 2016-2017 GCR reconciliation. The parties agree that approval of the settlement agreement is reasonable and in the public interest.

The Commission finds that the settlement agreement is reasonable and in the public interest, and therefore should be approved.

THEREFORE IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. Upper Michigan Energy Resources Corporation's gas cost reconciliation for the 12-month period ended October 31, 2016 is approved.
- C. Upper Michigan Energy Resources Corporation shall reflect the \$39,527.71 overrecovery as the beginning balance for its Wisconsin Public Service Corporation rate zone 2016-2017 gas cost recovery reconciliation.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of May 31, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER MICHIGAN ENERGY RESOURCES)	Case No. U-17890-R
CORPORATION (serving the former Michigan)	
natural gas customers of Wisconsin Public Service)	
Corporation) for reconciliation of the gas cost recovery)	
<u>plan for the 12-month period ending October 31, 2016.</u>)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, R 792.10431, Upper Michigan Energy Resources Corporation ("UMERC") and the Michigan Public Service Commission Staff ("Staff") have resolved, through settlement discussions, the contested issues in this proceeding and hereby agree as follows:

1. Pursuant to Section 6h(12) of 1982 PA 304, as amended, MCL 460.6h et seq. ("Act 304"), UMEREC filed its application on January 19, 2017, with supporting testimony and exhibits, seeking to reconcile the gas costs and revenues collected in its WPSC Rate Zone for the 12-month period ending October 31, 2016, and to roll in to its WPSC Rate Zone beginning balance for the 2016-17 Gas Cost Recovery ("GCR") reconciliation a net GCR over-recovery of \$39,527.71.

2. On March 3, 2017, the Commission issued its Notice of Hearing directing UMEREC to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its natural gas service area, as well as to all intervenors in Case No. U-17650-R. Furthermore, the Commission directed UMEREC to publish the Notice of Hearing in daily newspapers of general

circulation throughout its natural gas service area. UMERC electronically filed with the Commission the requisite Affidavit of Mailing and Proof of Publication on March 16, 2017.

3. Administrative Law Sharon L. Feldman presided over the April 4, 2017 prehearing conference. Staff participated in the proceeding. There were no intervenors.

4. The parties entered into settlement discussions and, as a result, the parties agree as follows:

a. Proceedings in this GCR reconciliation were conducted in accordance with Act 304.

b. The expenditures made for the WPSC Rate Zone cost of gas supply during the 12-month period ending October 31, 2016, were reasonably and prudently incurred.

c. For the GCR period ended October 31, 2016, UMERC over-recovered a net total amount of \$39,527.71 from its WPSC Rate Zone gas customers, which includes the rolled-in under-recovery of \$34,046.00 from the prior GCR reconciliation in Case No. U-17650-R, plus interest of \$10,095.93 calculated for the reconciliation period ending October 31, 2016. The parties agree that UMERC shall reflect the net over-recovery of \$39,527.71 as its beginning balance of its 2016-2017 GCR reconciliation.

5. It is the opinion of all signatories that this Settlement Agreement is reasonable and prudent and will aid the expeditious conclusion of this case.

6. This Settlement Agreement is intended for a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. Each signatory agrees not to appeal, challenge or contest the Commission's order accepting and approving this Settlement Agreement without modification. If the Commission does not accept this Settlement

Agreement without modification, then the Agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This Settlement Agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This Settlement Agreement does not constitute a precedent in any other case or proceeding except as necessary to carry out its terms.

8. All signatories waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to the issues in this case, if the Commission approves the Settlement Agreement without modification.

UPPER MICHIGAN ENERGY RESOURCES
CORPORATION

**Sherri A.
Wellman**

Digitally signed by: Sherri A. Wellman
DN: CN = Sherri A. Wellman C = AD O =
MillerCanfield
Date: 2017.05.12 11:01:33 -05'00'

Dated: May 12, 2017

By: _____

Its Attorney
Sherri A. Wellman (P38989)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
Lansing, Michigan 48933
(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF



Dated: May 12, 2017

By: _____

Its Attorney
Amit T. Singh (P75492)
Assistant Attorney General
Public Service Division
7109 West Saginaw Highway
3rd Floor
Lansing MI 48917
(517) 284-8140

29105566.1\130072-00094